

REMARKS

Claims 1-3, 5-7, 10, 15-16, 18, 20, 23, and 47-49 have been amended. Claims 4, 11-14, 19, and 21 have been canceled. Support for the amended claims can be found throughout the specification as originally filed. Upon entry of the amendment, claims 1-3, 5-10, 15-16, 18, 20, 23, and 47-49 will be pending.

Support for the amendments to independent claim 1 may be found in the application as filed as detailed in the chart below. Support for the claim amendments may be found additionally at other places in the specification, and the citations to the specification below are exemplary of specification support for the claim amendments.

Inserted Claim Language	Support in Application
"A computer-implemented method for increasing an amount of shares of common stock that are issued by a first entity to an investor for borrowing..."	¶¶ [0030] discusses the use of a computer system to implement the steps of the method
"underwriting, by a second entity, an issuance of a convertible security issued by the first entity..."	¶ [0018] discloses that "[t]he second entity 14 may also serve as an underwriter for a second security issued by the first entity 12."
"wherein funds are transferred from an account for the second entity to an account of the first entity for the purchase of the first quantity of the common stock by the computer system..."	¶¶ [0029] discloses that "[t]he computing device 52 may also be for electronically transferring funds between an account of the first entity 12 and an account of the second entity 14."

Inserted Claim Language	Support in Application
<p>“wherein the computer system comprises at least one computer that comprises a RAM memory and a ROM Memory...”</p>	<p>¶ [0030] discloses that “the computing device 52 may execute a series of instructions...instructions may be software code to be executed by the computing device 52...software code may be stored as a series of instructions or commands on a computer readable medium such as a random access memory (RAM) and/or a read only memory (ROM).”</p>
<p>“wherein the first quantity is less than or equal to the second quantity...”</p>	<p>¶ [0020] discloses that: The forward purchase contract may also obligate the second entity 14 to subsequently deliver a quantity of the security to the first entity 12 that is the same, for example, as the quantity of the security purchased at block 30. However, the second quantity may be a different quantity, such as, the quantity originally purchased by the second entity 14 at block 30 increased by a quantity determined with reference to dividends paid on the security during the life of the forward purchase contract.</p>
<p>“wherein funds are electronically transferred from the account of the first entity to the account of the second entity pursuant to the forward purchase contract...”</p>	<p>¶ [0029] discloses that “funds associated with the second entity’s subsequent delivery of the second quantity of the security to the first entity may be transferred from the account of the first entity 12 to the account of the second entity 14...”</p>

Inserted Claim Language	Support in Application
<p>“wherein the reported earnings per share of the common stock of the first entity are not diluted because the second quantity of common stock is accounted for as a repurchase of the second quantity of common stock under the forward purchase agreement...”</p>	<p>¶ [0027] discloses that “under current financial accounting standards, the forward purchase contract is accounted for as a repurchase of shares, which decreases the first entity’s cash, equity and total common shares outstanding...[s]ince the amounts may be the same for both the sale and the repurchase, the net effect may be that the first entity’s cash, equity and total common shares outstanding remain unchanged...[a]s a result, the first entity’s earnings per share may also be unchanged.”</p>
<p>“wherein funds are electronically transferred from an account of the investor to the account of the second entity for the lending of the third quantity of the first security to the investor...”</p>	<p>¶ [0029] discloses that: The computing device 52 may further be for electronically transferring funds between an account of the investor 16 and the account of the second entity 14. For example, funds associated with the fee for lending the third quantity of the security to the investor 16 may be transferred from the account of the investor 16 to the account of the second entity 14.</p>
<p>“wherein the forward purchase contract comprises terms that obligate the second entity to pay the first entity until the settlement date of the forward purchase contract (i) any amounts received by the second entity from lending the second quantity of the common stock to the investor and (ii) any dividends paid on the common stock...”</p>	<p>¶ [0021] discloses that: The forward purchase contract may also obligate the second entity 14 to pay the first entity 12 a second amount equal to a total of any distributions such as, for example, dividends, paid on the security until a settlement date of the forward purchase contract. The second amount paid to the first entity 12 by the second entity 14 may comprise more than one payment, and the payments may be made periodically. In addition, the forward purchase contract may obligate the second entity 14 to pay the first entity 12 a third amount equal to a total of any amounts received for lending a third quantity of the security to the investor 16.</p>

Interview

On September 22, 2009, the undersigned participated in a phone interview with Examiner Perry and Examiner Kyle. The undersigned would like to thank the examiners for the opportunity to participate in the phone interview regarding this application. The parties discussed the current application and the applicability of the cited references to the pending claims. No agreement was reached regarding the rejections under 35 U.S.C. §103(a) during the interview.

Claim Objections

Claims 1 and 47-49 are objected to because the examiner asserts that “security available to an investor for borrow” has a verb as an object of a preposition. Applicants submit that claims 1 and 47-49 have been amended to recite “shares of common stock that are issued by a first entity available to an investor for borrowing.” Applicants respectively submit that that amendments to claims 1 and 47-49 alleviates the examiner’s concern.

Section 112 Rejections

Claims 1 and 47-49 stand rejected under 35 U.S.C. §112, first paragraph, as failing to comply with the written description requirement, as the examiner asserts that claim 1, as qualified by claim 19, forces an order on the steps. Applicants respectfully submit that ¶[0031] discloses that “the steps illustrated in Figure 2 may be performed in various order.” In addition, ¶[0025] discloses that “[f]rom block 36, the process advances to block 38, where second entity 14 lends a third quantity of the security to the investor 16...[although block 38 of Figure 2 shows

the lending of the security as occurring after block 36, the steps shown in blocks 30-38 may occur substantially simultaneously.” It is clear from the disclosure of the present application that the steps of the method of claims 1 and 19 can be performed in any order. Although Applicants completely disagree with the assertion made by the examiner, Applicants have canceled claim 19 merely to expedite prosecution of the present application.

Claims 1, 19, and 47-49 stand rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicants regard as the invention. Claims 1 and 47-49 have been amended to alleviate the examiner’s concerns. As mentioned above, claim 19 has been canceled.

Section 101 Rejections

In the Office Action, claims 1-21, 23, and 47-49 stand rejected under 35 U.S.C. § 101 because the claims are purportedly directed to non-statutory subject matter. Applicants submit that claims 1-21, 23, and 47-49, as amended, recite patent eligible subject matter under § 101 because they are tied to a particular machine, i.e., a computer system, which is programmed to electronically transfer funds associated with purchases and lendings between the first entity, the second entity and the investor, and comprises at least one computer that comprises a RAM memory and a ROM memory. *See In re Bilski*, 545 F.3d 943, 88 USPQ 2d 1385, 1391 (Fed. Cir. 2008) (en banc) (“A claimed process is surely patent eligible under § 101 if...it is tied to a particular machine or apparatus...”). Further, the amended claims do not pre-empt a fundamental principle because they are limited to processes involving the recited computer system. *See id.* at 1391 (“claimed process involving a fundamental principle that uses a particular machine or

apparatus would not pre-empt uses of the principle that do not also use the specified machine or apparatus in the manner claimed”). Therefore, applicants submit that claims 1-21, 23, and 47-49 are patent-eligible under § 101.

Section 103 Rejections

Applicants submit that rejected claims are not obvious in view of the cited references. Nevertheless, in order to expedite prosecution and without waiving Applicants’ right to seek the same or similar claims in a related application, claim 1 has been amended to further clarify the method of claim 1 by more clearly defining the common stock issued by the first entity, the convertible security issued by the first entity, and further describing the lack of dilution of the reported earnings per share of the common stock of the first entity due to practicing the method of claim 1. In addition, claim 1 has been amended to include the features of now-canceled claims 11 and 21.

As amended, claim 1 is directed to a computer-implemented method for increasing an amount of common stock issued by a first entity available for an investor for borrowing. An investor may want to borrow an amount of common stock to short-sell that common stock to offset the investor’s purchase of convertible second securities, but the investor can only do so if there is sufficient quantity of the common stock to borrow. One way for an issuer to increase the supply of its common stock would be to issue more common stock into the market. This, however, negatively affects financials related to the stock, such as earnings-per-share, etc., because it increases the number of shares of the stock that are outstanding. In contrast, the method of claim 1 allows the first entity (e.g. a stock issuer) to increase the amount of its

common stock available for borrowing without negatively effecting the position of the first entity's common stock in the marketplace. Under current financial accounting standards, the forward purchase contract would be accounted for as a repurchase of shares of common stock, which effectively decreases the first entity's cash, equity, and total common stock outstanding. As a result of this accounting treatment, the first entity's earnings-per-share remains unchanged using the method of claim 1.

The independent claims, have been amended to recite:

- underwriting, by a second entity, an issuance of a convertible security issued by the first entity;
- wherein the first quantity is less than or equal to the second quantity, wherein the convertible security is different from the first entity's common stock,
- wherein the termination date of the convertible security is at least one of a maturity date of the convertible security, a call date of the convertible security, and a put date of the convertible security,
- wherein the reported earnings per share of the common stock of the first entity are not diluted because the second quantity of common stock is accounted for as a repurchase of the second quantity of common stock under the forward purchase contract; and
- wherein the forward purchase contract comprises terms that obligate the second entity to pay the first entity until the settlement date of the forward purchase contract (i) any amounts received by the second entity from lending the second quantity of the common stock to the investor and (ii) any dividends paid on the common stock.

Each of the above claim features will be discussed below.

As mentioned above, amended claim 1 now includes the features of now-canceled claim 21 and recites "underwriting, by a second entity, an issuance of a convertible security issued by

the first entity.” The Office admits that “neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereeder teaches the second entity underwriting an issuance of [] the second security issued by the first entity.” Office Action at pg. 26. The Office cites paragraphs [0027], [0029-0042], and [0099] of Dokken to stand for “the second entity underwriting an issuance of [] the second security issued by the first entity.” Office Action at pg. 26. Applicants respectfully submit that Dokken does not disclose a convertible security, and thus cannot disclose “underwriting, by a second entity, an issuance of a convertible security issued by the first entity,” and none of the other cited references cure the defects of Dokken.

As amended, claim 1 recites “wherein the first quantity is less than or equal to the second quantity.” Applicants respectfully submit that none of the cited references, whether alone or in combination, disclose this feature of claim 1.

As amended, claim 1 discloses “wherein the settlement date coincides with a termination date of a convertible security issued by the first entity, wherein the convertible security is different from the first entity’s common stock.” Claim 1 additionally discloses “wherein the termination date of the convertible security is at least one of a maturity date of the convertible security, a call date of the convertible security, and a put date of the convertible security.” Claims 47-49 separately disclose the additional features of claim 1, for example, wherein the termination date is a maturity date (claim 47), the call date (claim 48), and the put date (claim 49) of the convertible security. The Office cites page 5 of Fenn to stand for “wherein the termination date of the convertible security is at least one of a maturity date of the convertible security, a call date of the convertible security, and a put date of the convertible security.” Fenn simply discloses options, and does not teach or suggest a settlement date that corresponds to a

termination date. More particularly, Fenn does not disclose a termination date which is one of the maturity date, the call date, or the put date of a convertible security. Applicants respectfully submit that Fenn does not disclose a settlement date that “coincides with a termination date of a convertible security issued by the first entity, wherein the convertible security is different from the first entity’s common stock,” or a termination date of the convertible security that “is at least one of a maturity date of the convertible security, a call date of the convertible security, and a put date of the convertible security,” and none of the other cited references cure the defects of Fenn.

As amended, claim 1 recites that “the reported earnings per share of the common stock of the first entity are not diluted because the second quantity of common stock is accounted for as a repurchase of the second quantity of common stock under the forward purchase contract.”

Applicants respectfully submit that none of the cited references, whether alone or in combination, disclose this feature of claim 1.

As mentioned above, amended claim 1 now includes the features of now-canceled claim 11. The Office cites page 11, paragraph [0004] of NPL1 to stand for “the second entity pay[s] the first entity a first amount equal to a sum of: a total of any distributions paid on the security from the date of formation of the forward purchase contract until the settlement date of the forward purchase contract.” Office Action at pg. 20. NPL1 does not disclose a forward purchase contract, it simply discloses a reverse repo. The Office admits that “neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder teaches payment of fees from an investor who borrows the security.” Office Action at pg. 20. The Office cites paragraph [0049] of Dwin to stand for this feature. The Office is incorrect in citing Dwin to stand for this feature as Dwin does not

even disclose a forward contract, paragraph [0049] of Dwin simply discloses that a “[r]epo desk 44 lends bank loans 18 to short seller 46 in exchange for a shorting fee.”

Applicants respectfully submit that, for at least the above reasons, claim 1 is not anticipated or obvious in view of NPL1, Mosler, S31, Fenn, Pledereder, Dokken and Dwin. Therefore, claims 2-3, 5-10, 15-16, 18, 20, and 23, which depend from claim 1, are not obvious in view of the cited references. *See* MPEP § 2143.03 (“If an independent claim is nonobvious under 35 U.S.C. 103, then any claim depending therefrom is nonobvious.”). For analogous reasons, independent claims 47-49 are not anticipated or obvious in view of NPL1, Mosler, S31, Fenn, Pledereder, Dokken and Dwin.

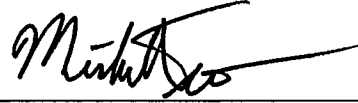
CONCLUSION

Applicants respectfully submit that all of the claims presented in the present application are in condition for allowance. Applicants’ present Amendment should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to specifically address all such assertions and statements in subsequent responses. Applicants also reserve the right to seek claims of a broader or different scope in a continuation application.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Respectfully submitted,

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